HQDA G-1 Incentives Branch

Jerry Pionk- Chief, HQDA G-1, Incentives Branch

November 2006

"My biggest strategic issue is, 'What kind of volunteer Army do we need to recruit for the future?'"

-GEN Peter Schoomaker, CSA (18 Dec 03)

Major Programs

Incentives and Budget Branch

- **Manages Army enlisted accessions incentive programs: Army College Fund, Enlistment Bonuses, Loan Repayment, College First**
- **Develops and reviews initiatives regarding additions and changes to incentives law, policy, and operations including drafting and reviewing legislation**
- **Chairs the Enlisted Incentive Review Board ensuring the proper incentive structure to meet accession targets, MOSs, and quality**
- **Reviews and coordinates Selected Reserve Incentive Program**
- **Represents Army interests with respect to MGIB to Veterans Administration and Army Family Action Plan Councils**
- **Collects and analyzes incentive data and provides information on trends to Army leadership, OSD, OMB, and Congress**
- **Develops, justifies, and defends requirements for Active Army incentive programs including what-if drills for end strength increases**
- **Defends and acquires, as necessary, funding throughout POM, Budget, and Execution years; monitors execution and cost per recruit**
- **Responds to White House, Veterans Administration, Congressional, and other inquiries**
- **Develop and update performance metrics for POM, PB, SRS, and Army Executive Council**
- **Serves as liaison to Commands for funding needs with respect to operation and maintenance appropriation**

Incentives and Budget Branch

Mr. Pionk (GS 14)
Branch Chief*
ACF, LRP, EB, MGIB

Maj. Sampson
Mgr, RC Enl Incentives
USAR & NGB, SRIP, MGIB, Bonus, LRP

Mr. Song (GS 13)
Budget Analyst
AC and RC Budget

Ms. Coleman (GS 13)
Program Analyst
Metrics, College First, MGIB

	AUTH	ASGN
OFF	1	1
ENL	0	0
CIV	2	3
	3	4

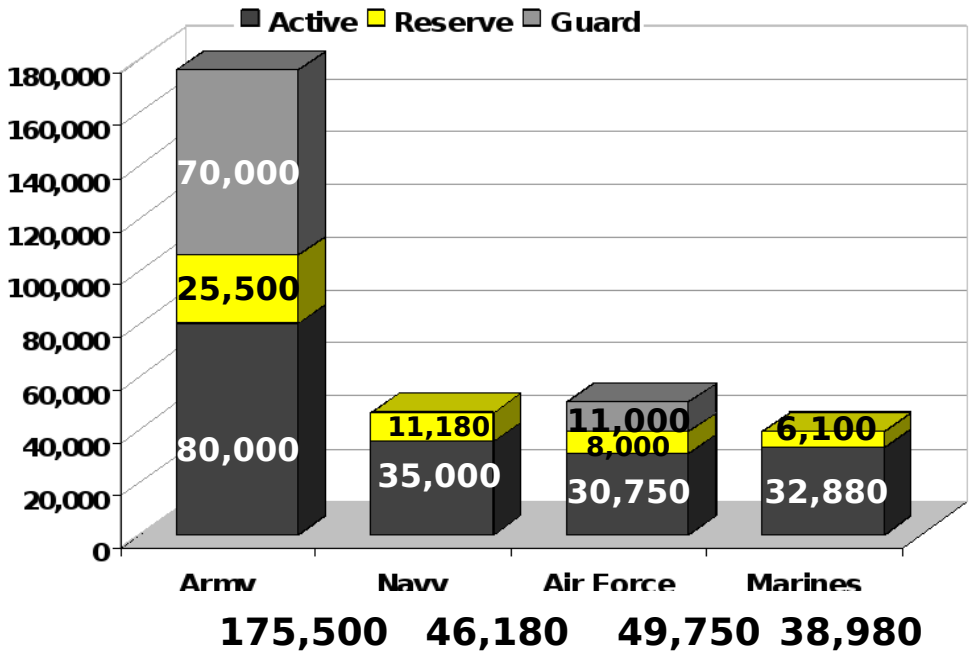
* Recently Mil to Civ conversion.

Agenda

- FY06 Closeout
- Recap of FY06 Actions
- FY07 Initiatives, Changes and Budget
- Pending Legislative Initiatives (FY08 and FY09)

Magnitude and Scope – FY06 Mission

Mission Scope: Services' Accession Missions (FY 2006)



Total: 310,410

- **The Army mission is greater than all other services combined**
- **Army recruiting is complex and precise. We must locate qualified applicants and present them the full array of Army opportunities:**
  - **Over 200 enlisted specialties**
  - **41 warrant officer specialties**
  - **ROTC and OCS missions**
  - **72 medical officer specialties**
  - **8 chaplain specialties**
  - **Army Civilian Acquired Skills Program**

***"Right Soldier* and *right skill* at the *right time* and *place*"**

Manning the Force
Recruiting and Retention Status

(Data thru end FY06)

RECRUITING

	Mission	YTD Achieved	YTD%
RA	80,000	80,635	101%
USAR	25,500	25,378	99.5%
ARNG	70,000	69,042	98.6%

RETENTION

	Mission	YTD Achieved	YTD%
RA	64,200	67,292	105%
USAR	17,712	18,223	103%
ARNG	34,875	41,083	118%

Recruiting and Retention Role Comparison

Different roles, some similarities, unique cultural differences

Both vital to end strength

Market propensities are vastly different

Beware of the tendency to overplay the importance of one role over another (If it is so easy, volunteer for the other role)

Recruiters sell an Army experience and Career Counselors provide the "bridge" between an Army experience and an Army Career through pre-emptive counseling and effective follow-up

Both need tools (incentives) and command support for success.

Incentives are both monetary and non-monetary

Actions Taken in FY06

RESOURCE CHANGES	
Increased Recruiters	From Aug 04, increase in Auth = RA: +1,314; USAR: +847; ARNG: +2,200
POLICY CHANGES	
Blue to Green	Increased max bonus from $10K to $15K on 3 Oct 05
Assessment of Recruit Motivation and Strength (ARMS)	Implemented at all 65 sites 7 Feb 05
Tattoo Policy Change	Implemented 20 Jan 06
Waivers Processing	USAREC - PS grade/re-entry determinations on 3 Apr
Reduced MSO	Implemented 11 Apr 06
Unity of Effort II	USAAC mail out – 9 June 06
Quality Marks:	
90/67/2 to 90/60/4	Implemented in Aug 05
TTAS to 10%	Implemented in Apr 06
Senior Shipping Bonus	$1K for HSDG shipping by 30 Sep 06; effective 18 May

Actions Taken in FY06

NDAA06 AUTHORIZATIONS	
Age Change from 35 to 42	Age 42 implementation on 21 Jun 06
$1K Referral	Implemented Jan 06; open to HRAP, SRAP, FSTP & Retirees
Enlistment Bonus Increase	Increased max to $40K for AC and $20K for RC; implemented Jan 06; Quarterly Review
Thrift Savings Plan Matching Funds	Implemented 3 Apr 06
Loan Repayment Program Expanded	More types of loans to be repaid; available to officers
Pilot Programs:	
Recruiter Incentive Pay (RIP)	Approved on 21 Apr 06; implemented June 06
Other Programs	Three more programs authorized by NDAA06 but not approved/implemented yet

Recruiting Environment

- All-Volunteer Force at War
- Negative Media Coverage
- Greater Role by Influencers
- Improving Economy
- College Aspirations (95%)*
- Reserve Recruiting is Difficult

• In October 2005, 68.6 percent of high school graduates from the class of 2005 were enrolled in colleges or universities, according to data released today by the U.S. Department of Labor's Bureau of Labor Statistics. The college enrollment rate for recent high school graduates was a **historical high** for the series dating back to 1959. **U.S. Bureau of Labor Statistics - March 24, 2006**

Key Messages

Summary of Performance (YTD)

- Recruiting an all-volunteer force during a protracted conflict
- Recruiting momentum continues
  - 14 months of success for Regular Army (104% YTD)
  - YTD Army Reserve success (104% YTD)
- 100% High School graduates or equivalents
- Less than 3 out of 10 youths (17-24 year olds) are fully qualified
- Slight increase in waivers over the last 4 years (1-2% each year)
- More than an Army challenge – a challenge for the Nation

Potential Actions for FY07

PROGRAM	ACTION / STATUS
$2K Referral	Extend to 2010, increase from $1K to $2K, include DA Civilians and Sister Services, and change payment times
Guard-Recruiter Assistance Program (G-RAP)	ARNG program; expand and fund contract to include Active and Army Reserve accessions
JROTC	Expand Junior Reserve Officer Training Corps program
STRATCOMs and Advertising	Increase awareness of recruiting and Army initiatives/incentives by better coordination/synchronization between Office Chief of Public Affairs (OCPA), Army Brand Group (ABG), Ad Agency, & Public Affairs Office (PAO) messages
Market Expansion and/or Penetration	Target more populations/age groups with greater propensity – Hispanics and 2 years out of high school (mail outs and advertising)
Technology	Expand use of wireless remote laptop – job/location selection – Future Soldier Remote Reservation System (FSR2S)
NDAA06 Pilot Programs:	
Army A[illegible]	Army Staffing
Officer Accession Bonus	Army Staffing

Review of Major Legislation

- **Approved (FY06)**
  - **Limited MGIB Transferability (Army implemented in FY06)**
  - **Continue to seek Congressional support for improved programs – Approved in NDAA06**
    - **Enlistment bonus raise from $20K to $40K (AC)**
    - **Enlistment Bonus raise from $10K to $20K (RC)**
    - **Referral Bonus ($1K)**
    - **Transition Bonus ($2.5K or more)**
    - **Increase Initial Entry Enlistment Age to 42**
    - **Enhanced Student Loan Repayment (Include State and institutional loans and expand to include officers)**
    - **Obtain permanent authority for $20K AC to RC affiliation bonus**
    - **TSP matching Test**
- **Approved (FY07)**
  - **Enhanced Referral Bonus (to $2K, include retirees, DA civilians)**
  - **$8K OCS Bonus (NPS) retroactive to April 2005.**
  - **Inter-service Transfer Bonus raised from $2.5K to $10K**

Our Budget

• FY06 Adjustments	President's Budget	Budget with
Enl Bonus	$135M	$302M
Army Coll. Fund	$18M	$21M
Loan repayment	$49M	$49M
SRB	$103M	$730M

• FY07	President's Budget	Requested Additional
Enl Bonus	$200.3M	($202 obligated as of 1 Oct)
Army Coll. Fund	$38.6M	
Loan repayment	$49M	
SRB	$103.6M	
CSRB	0	

New York Yankees Payroll: About $350M

FY07 Incentives Budget

- **FY 07 Budget based on President's Budget (PB)**
  - EB: $200.3m
  - ACF: $38.6m
  - LRP: $49m

  $288 m
- **Obligated for FY07**
  - EB carryover (residuals + anniversary)= $125m
  - Expect ACF and LRP to spend at budgeted levels= $88m
  - Pilot Programs= $27m
- **Current FY07 total obligations: (Carry over EB+ACF+LRP+Pilots)= $240m**
- Budget remaining after FY07 obligations: **$48m**

Note: This does not account for new bonus obligations during the first half of FY07 that will be spent in FY07. Based on FY06 about 25k takers in Oct-Apr at $7K average bonus=$175m

(Shortage at current rates: $127m)

DA G-1 (MPA) Approved Changes to Incentives Structure and Programs- Effective 1 October 06

Terminate the following bonuses:

- PS $5K bonus
- PS Seasonal for non-trainers (Seasonal tied to training seats)
- $1K 90 day seasonal bonus

The following bonuses will be adjusted as follows:

- **Seasonal Bonus** $10/3K for Levels 1-3; $6/3K for Levels 4-7
- **HiGrad Bonus** $1K for HSSR/HSDG, $2K for 30-59 S.H., $4K for 60 + S.H with no degree; $6K for AA/AS or higher degree (Note: High Cost for HSSR/HSDG $1K, estimate: $36m)
- **PS trainers** will receive bonus for skill chosen IAW NPS rules, Non-trainers will receive SRB/BSSRB if eligible
- **Blue to Green Bonus:** Align with PS Seasonal for training (Non-trainers will receive SRB/BSSRB if eligible)
- **Airborne Bonus:** Eliminate except in very critical skills **($6K)**
- **Level 1-7 Bonuses:** Reduce total MOS at these levels (proposed-drop all level 4-7 at least one level for first quarter

Major Issues

- Consolidation of AR 135-7 (RC Incentives) into AR 601-210 (Recruiting), AR 601-280 (Retention) and AR 621-202 (Education Incentives)
  - Current regulations are outdated and have not kept pace with events
  - Continuum of Service and transfer among components into law and policy
- **Army Advantage Fund** (Housing, Business fund)
- **Contract Related Problems: (Incentives Related)**
  - **Refer to our office if bonus or education incentive problem with DFAS that cannot be resolved by other commands**
  - **Use ABCMR as a last resort**
  - **FY06 OCS Enlistment Bonus Problem (status report)**
  - **09L Bonus (Most should be resolved)**
  - **AC to RC Bonus (Hurricane Katrina Bonus)- Expired 31 January 06**
- **Bonus creep- Many amounts altered/reduced at start of FY07 to stay within budget**

Pending legislation

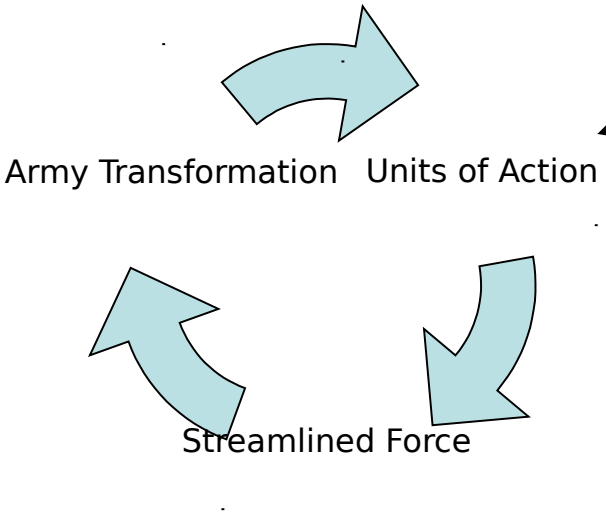
FY08

- **RC Student Loan Repayment (Equity with RA Statute)**
- **Enhanced Referral Bonus: Add DoD Civilians and Other Services**

FY09

Initiator	
• VEAP Conversion (one last chance)	AFAP
• Consolidate PSEB and AC to RC Bonus into one authority	G-1
• Tax Exempt Status for Student Loan Repayment	G-1
• Tuition Assistance for adult Dependents	FORSCOM/G-1
• MGIB delimiting date (Change from 10 years to 20)	AFAP
• Days of Service (DOS) eligibility for RC NPS bonus	G-1
• Combine Army Coll. Fund and Loan Repayment	G-1
• Chapter 1607 MGIB- make cumulative for credit	RC-HRC

Impacts of 9-11 and the Future



Pre 9-11

- **Transformation**
  - **–Army Well-Being**
  - **–Continuum of Service**
  - **–Units of Action**
  - **–IMA Role**
  - **–Streamlined Incentives**

Post 9-11

- **RC Role Change**
- **Stop Loss**
- **Deployment Cycle Support**
- **R&R Leave**
- **DS3**
- **Enhance/Raise Incentives**
- **Raised age, more CAT IV etc.**

Pre 9-11 Programs still alive, but focus has changed

- **Transformation:** Units of Action (size, end strength)
- **Well Being:** DCS, Family Support, Disabled Soldiers, R&R Leave
- **Continuum of Service:** Changed by RC deployments, Blue to Green
- **Approach to Recruiting and Retention**

Post 9-11 and GWOT (Future)

- **"Buffet of Incentives"**
- **Automated Career Planning**
- **Flexibility of movement between components**
- **Consolidation of AC and RC programs and standards**

The Army Incentives Fund

- Proposal by Office of SECDEF:
  - Change law from “bonuses” to “incentives” (Expands the possibilities)
  - Permit Service Secretary to define programs across the spectrum with statutory constraints (Provides flexibility to manage to unique service needs)
- Army Plan:
  - Offer a “Buffet” or choice of combined options at enlistment and reenlistment.
  - The applicant/Soldier will “Pick and Choose”
  - Benefit combinations dictated by law, but will accrue throughout a career through a “life cycle” incentives package for all components (AC and RC)
  - Possible combinations: (Current or proposed Maximum)
    - **Enlistment or reenlistment bonuses ($40K EB/$90K SRB)**
    - **Tax free down payment on a home (up to $45K)**
    - **Small business start up stipend (up to $45K)**
    - **Army College Fund**
    - **Student Loan Repayment**
    - **MGIB Flexibility and transferability**

Army Advantage Fund

- As a result of Section 681 of the NDAA FY06, the Army is authorized to implement a three year demonstration on four new recruitment incentives to encourage individuals to accept commissions as officers or enlist in the Army. **The Secretary of the Army's intent is to implement AAF as one of the incentives.**

- **Purpose**. The Army is testing this flexible incentive to gain a competitive advantage for attracting eligible individuals to enlist who would have otherwise rejected the Army as a career choice. The incentive is designed to recruit prospects into critical military occupational skills (MOS).

- **Pilot Program Description**. The AAF incentive pilot program is to offer a lump sum that is tied to a four year term of service in a critical MOS. The AAF is composed of two options: Army Home Ownership or Army Business Funding. At a minimum, individuals must complete either their term of service or serve at least thirty-six months and be separated under honorable conditions to be qualified for the incentive payment.

Army Advantage Fund

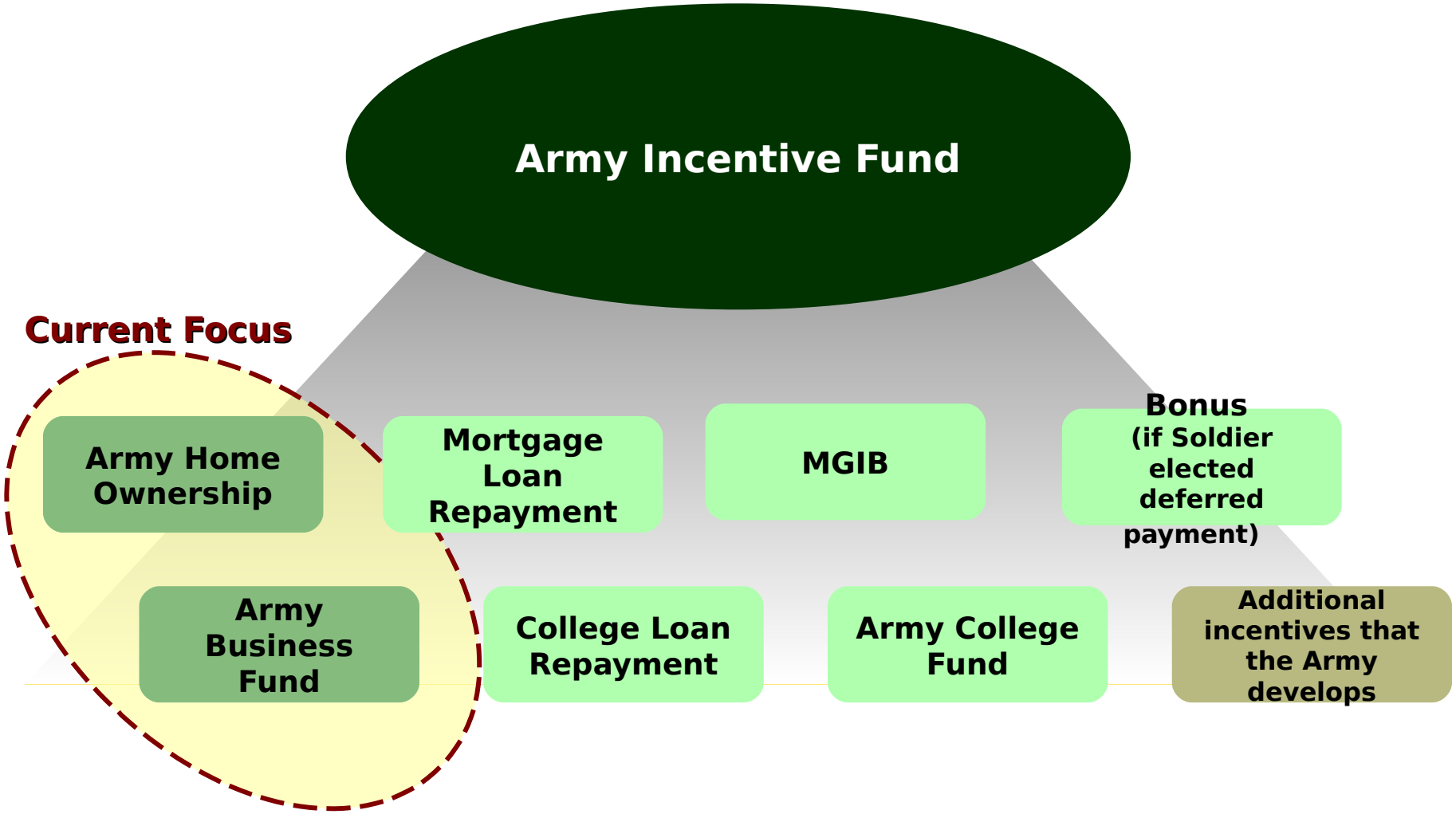
- **Program Scope and Qualifications.** The AAF incentive is open to 500 prospects who accept initial enlistments into the Active Army component. During the pilot program, the Army will fund the 500 takers for a four year enlistment at $30,000 per offer only.

- **The incentive amount** will be $30,000 for a four year enlistment while under pilot status. As a permanent program, the Army will tier the offer based enlistment length. While under the authority of Sec 681, the offering may be combined with quick ship bonus.

Effective Date: TBA during FY07

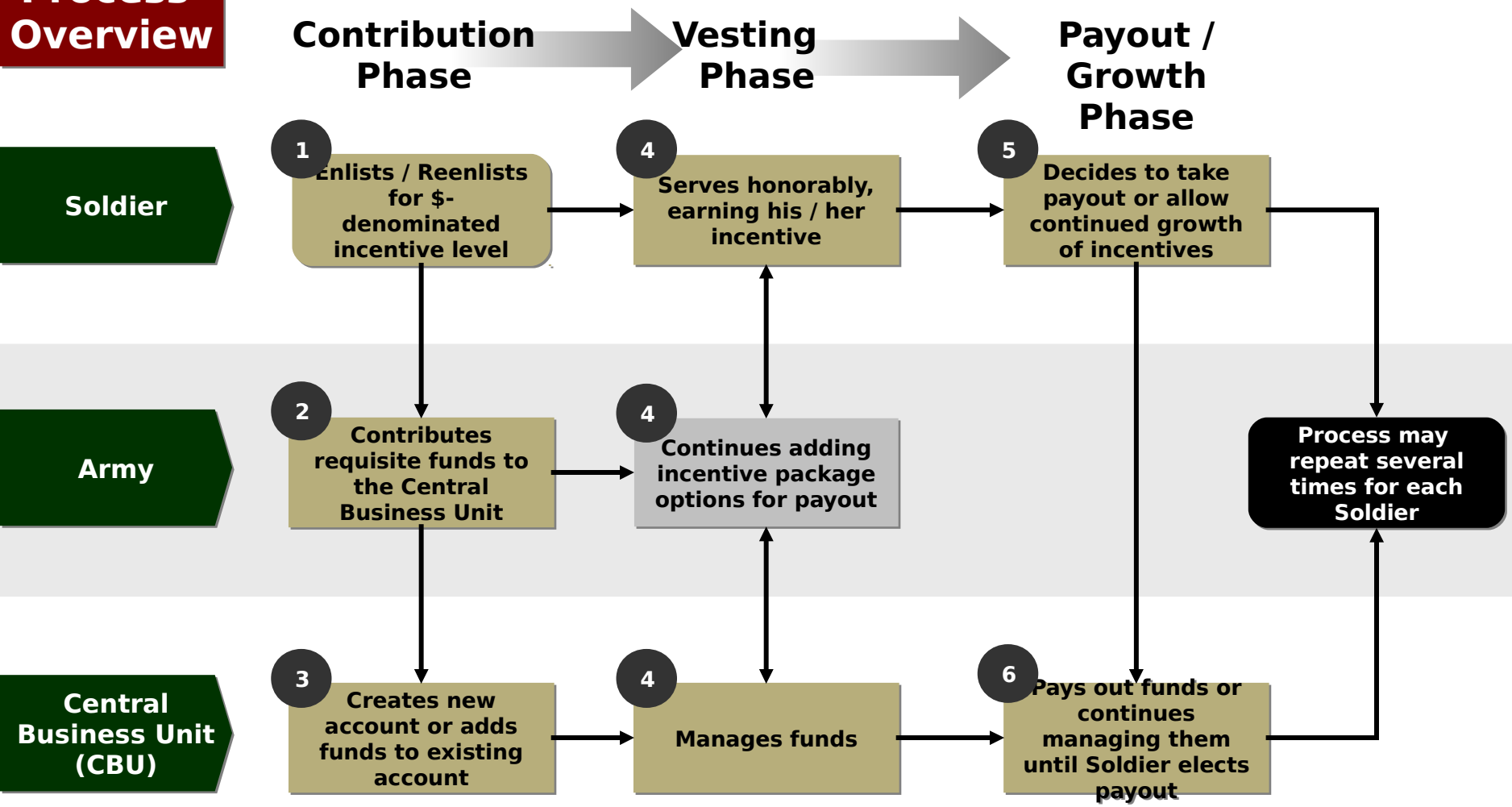
The Vision…

Army Incentive Model (AIM)



Army Incentive Model (AIM)

Process Overview


Contribution Phase
Vesting Phase
Payout / Growth Phase
Soldier
Army
Central Business Unit (CBU)
1
Enlists / Reenlists for $-denominated incentive level
2
Contributes requisite funds to the Central Business Unit
3
Creates new account or adds funds to existing account
4
Serves honorably, earning his / her incentive
4
Continues adding incentive package options for payout
4
Manages funds
5
Decides to take payout or allow continued growth of incentives
6
Pays out funds or continues managing them until Soldier elects payout
Process may repeat several times for each Soldier

Incentives Model Major Points

- The All-Volunteer Force's competitive advantage has always rested in providing Soldiers a better future during and after the Army
  - Army College Fund fulfilled that promise…it is now an ordinary offer
  - Service intangibles such as responsibility and dedication have always been complemented with tangible incentives aimed at offering veterans a better future
- The new generation has the expectation of choices
  - Offering effective incentives that can be customized along with the Army experience gives Soldiers a competitive advantage over their peers
  - The Army Incentive Model provides the Army the ability to offer these choices
- AHO and ABF are new entries that differentiate the Army incentive offering and maintain pace with leading private sector incentive initiatives
  - **In the spirit of the GI Bill, AHO and ABF address a need and make America better**
  - **Home buying assistance is being offered by other employers (e.g., Princeton)**
  - **ABF encourages prospects with the wanted entrepreneurial drive and innovative thinking**
  - **Incentives that focus on the Soldier's future and aspirations are good for the Army and the Soldier…these Soldiers have lower attrition rates and higher reenlistment rates**

Non-Monetary Incentives

Self Actualization (Empowerment)

Self Actualizing Career Management

- Army Career Explorer (For out of service applicants-apply for enlistment on-line)
- Integrated Career Plan (ICP)- SGT Rock/i-mentor (Web based interactive site with applicants and current Soldiers)
- PaYS (Partnership for Youth Success) http://www.armypays.com/
- Point of Sale for recruiters
- Revamped Advertising
- eArmyU
- Army Branding (Army Strong)
- The Army Career Planner (For in service Soldiers- both AC and RC)
  - **Web-based tool to align skills and aspirations of soldiers and DA civilians with Army needs.**
  - **Patterned after Navy's Sea Warrior and Air Force Virtual Personnel Center**
  - **Benefits and potential**
    - **Today: Link disparate data (eMILPO, TOPMIS, ATRRS, etc.) into actionable information for putting right person in right job.**
    - **5 years: Soldiers see job inventory and apply for whatever they are qualified, regardless of rank/MOS; soldier training based on specific job and/or assignment requirements; 360-degree evaluations.**
    - **15-years: Promotions based on skills and abilities; personnel transfer freely between components based on Army needs and personnel development.**

Summary

- Recruiting and Retention incentives for all components are under scrutiny
- Changing times requires the Army to confront realities
- Monetary incentives are not the only answer
- Streamlining incentives should facilitate self actualized career management from entry to separation/retirement
- Statutes must be flexible for managers to make decisions, but stringent enough to assure accountability
- Integration of the RC must become more than a sound bite- it must become reality
- The field force (counselors) must be thinking futuristically- the present is important (mission), but the future must be beyond GWOT- remember what happened after the first Gulf War (Peace Dividend?)

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